



[4830-01-p]

DEPARTMENT OF THE TREASURY

Internal Revenue Service

26 CFR Part 1

[TD 9722]

RIN 1545-BM35

Partnership Transactions Involving Equity Interests of a Partner; Correction

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Correcting amendments.

SUMMARY: This document contains corrections to final and temporary regulations (TD 9722) that were published in the **Federal Register** on June 12, 2015 (80 FR 33402). The final and temporary regulations prevent a corporate partner from avoiding corporate-level gain through transactions with a partnership involving equity interests of the partner.

DATES: This correction is effective on **July 2, 2015** and applicable beginning June 12, 2015.

FOR FURTHER INFORMATION CONTACT: Kevin I. Babitz at (202) 317-6852 (not a toll free number).

SUPPLEMENTARY INFORMATION:

Background

The final and temporary regulations (TD 9722) that are the subject of this correction are under sections 311(b), 336(a), and 337(d) of the Internal Revenue Code.

Need for Correction

As published, the final and temporary regulations (TD 9722) contain errors that may prove to be misleading and are in need of clarification.

List of Subjects in 26 CFR Part 1

Income taxes, Reporting and recordkeeping requirements.

Correction of Publication

Accordingly, 26 CFR part 1 is corrected by making the following correcting amendments:

PART 1—INCOME TAXES

Paragraph 1. The authority citation for part 1 continues to read in part as follows:

Authority: 26 U.S.C. 7805 ***

Par. 2. Section 1.337(d)-3T is amended by revising paragraphs (c)(2)(i) and (f)(2)(ii) to read as follows:

§1.337(d)-3T Gain recognition upon certain partnership transactions involving a partner's stock (temporary).

* * * * *

(c) * * *

(2) * * * (i) In general. With respect to a Corporate Partner, Stock of the Corporate Partner includes the Corporate Partner's stock, or other equity interests, including options, warrants, and similar interests, in the Corporate Partner or a corporation that controls the Corporate Partner within the meaning of section 304(c), except that section 318(a)(1) and (3)

shall not apply. Stock of the Corporate Partner also includes interests in any entity to the extent that the value of the interest is attributable to Stock of the Corporate Partner.

(f) * * *

(2) * * *

(ii) Is not distributed to the Corporate Partner or a corporation that controls the Corporate Partner within the meaning of section 304(c), except that section 318(a)(1) and (3) shall not apply.

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§1.732-1T [Amended]

Par 3. Section 1.732-1T paragraph (c)(5)(ii) is amended by removing the word “Notwithstanding” and adding in its place the word “Notwithstanding”.

Martin V. Franks,
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